

Message Text

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ACTION EUR-12

INFO OCT-01 AF-10 ARA-06 EA-07 NEA-10 IO-13 ISO-00
AID-05 CEA-01 CIAE-00 COME-00 EB-07 FRB-03 INR-07
NSAE-00 OPIC-03 SP-02 TRSE-00 LAB-04 EPG-02
SIL-01 AGRE-00 OMB-01 OIC-02 L-03 FEA-01 INT-05
SS-15 NSC-05 ABF-01 SSO-00 NSCE-00 INRE-00 USIE-00
/127 W

-----052123Z 024139 /73

O R 052117Z MAY 77
FM USMISSION OECD PARIS
TO SECSTATE WASH DC IMMEDIATE 6499
INFO ALL OECD CAPITALS
AMEMBASSY ALGIERS
AMEMBASSY JIDDA
AMEMBASSY BUENOS AIRES
AMEMBASSY BRASILIA
AMEMBASSY YAOUNDE
AMEMBASSY NEW DELHI
AMEMBASSY JAKARTA
USINT BAGHDAD
AMEMBASSY TEHRAN
AMEMBASSY KINGSTON
AMEMBASSY MEXICO
AMEMBASSY LAGOS
AMEMBASSY ISLAMABAD
AMEMBASSY LIMA
AMEMBASSY CAIRO
AMEMBASSY CARACAS
AMEMBASSY BELGRADE
AMEMBASSY LUSAKA
AMEMBASSY KINSHASA
USMISSION USUN
USDEL MTN GENEVA
USMISSION GENEVA

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E.O. 11652: GDS
TAGS: CIEC, OECD
SUBJECT: CIEC - HORIZONTAL G-8 STOCKTAKING SESSION

REF: US MISSION EC BRUSSELS 4522

1. SUMMARY. AT HORIZONTAL G-8 MEETING ON MAY 4, GROUP AGREED PROGRESS IN CONTACT GROUPS THUS FAR HAS BEEN SLOW, WITH G-19 GENERALLY NOT MOVING FROM POSITION OF LAST NOVEMBER. STATE OF G-8 POSITION WAS CANVASSED IN KEY AREAS, WITH MUCH OF DISCUSSION REVOLVING AROUND EC PRESENTATIONS BASED ON DECISIONS OF FOREIGN MINISTERS COUNCIL OF MAY 3. DISCUSSION CONFIRMED THAT ON NUMBER OF PRINCIPAL POINTS, CONSIDERABLE DIVERGENCE REMAINS AMONG G-8 POSITIONS. END SUMMARY.

2. HORIZONTAL G-8 MET EVENING OF MAY 4 UNDER CHAIRMANSHIP OF CANADIAN OECD PERMREP MACLEAN. DESCRIPTIONS OF STATE OF PLAY IN CONTACT GROUPS BY GROUP CO-CHAIRMEN SHOWED THAT LITTLE PROGRESS WAS BEING MADE IN DEVELOPMENT, FINANCE, AND RAW MATERIALS CONTACT GROUPS, ALTHOUGH ENERGY CG WAS MOVING SOMEWHAT BETTER. THERE WAS CONSENSUS THAT G-19 WAS NOT-GENERALLY SPEAKING--PROCEEDING BEYOND THEIR POSITIONS OF LAST NOVEMBER (EVEN RETROGRESSING IN A FEW INSTANCES) AND THAT U.S. AND EC REPS WERE TAKING CORRECT LINE IN INDICATING BILATERALLY TO G-19 THAT NEGOTIATION MUST BE TWO-WAY PROCESS.

3. IT WAS GENERALLY AGREED THAT LACK OF NEGOTIATING MOTION ON PART OF G-19 WAS ATTRIBUTABLE TO A NUMBER OF FACTORS: (A) THEY WERE WAITING TO SEE WHAT WOULD EMERGE FROM LONDON SUMMIT; (B) THEY WERE NOT THEMSELVES TECHNICALLY READY FOR DETAILED DISCUSSIONS; AND (C) CONFIDENTIAL

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THEY WERE QUIETLY PREPARING UNILATERAL STATEMENT TO BE PUBLICLY UNVEILED BEFORE THE WEEKEND WITH THE AIM OF "ENERGIZING" THE SUMMIT. (LATTER POINT PROVED CORRECT ON FOLLOWING DAY. SEE SEPTELS).

4. DISCUSSION OF POSITIONS ON KEY SUBSTANTIVE ISSUES WAS KEYED BY EC REP'S REPORT ON DISCUSSIONS AT MAY 3 EC COUNCIL WITH COMMENT FROM US AND SEVERAL OTHER DELS.

A. FORUM FOR CONTINUED CONSULTATIONS ON ENERGY. THOMAS (EC) SAID MAY 3 COUNCIL HAD REITERATED THAT EC ATTACHED IMPORTANCE TO ESTABLISHMENT OF SUCH A BODY, WHICH THEY THOUGHT SHOULD BE RESTRICTED AND REPRESENTATIVE. EC WAS FLEXIBLE ON MODALITIES BUT UNENTHUSIASTIC ABOUT LODGING SUCH A FORUM IN UNCTAD.

B. COMMON FUND. THOMAS SAID EC THOUGHT POLITICAL IMPETUS WAS NEEDED FOR CIEC AND FOR THIS REASON HOPED OTHERS COULD GO ALONG WITH EUROPEAN COUNCIL DECLARATION THAT THERE SHOULD BE A CF. BOSWORTH SAID U.S. WAS WILLING FOR CIEC TO GIVE

POLITICAL IMPETUS TO GENEVA WORK, BUT FOR ITS PART
IS NOT PREPARED TO MAKE A POLITICAL COMMITMENT NOW
TO ESTABLISH CF.

C. STABILIZATION OF EXPORT EARNINGS. THOMAS
PRESENTED EC PROPOSAL THAT CIEC RECOMMEND INTERNATIONAL
STUDY TO ASSESS PRECISE LDC NEEDS AND MOST APPROPRIATE
INTERNATIONAL RESPONSE. EC THOUGHT
APPROPRIATE FORUM COULD BE BANK/FUND DEVELOPMENT
COMMITTEE, AND SAID EC WAS CONTINUING TO STUDY

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VARIOUS PROPOSALS. HE READ TEXT OF POSSIBLE CIEC LANGUAGE. BOSWORTH GAVE PRELIMINARY RESPONSE--NEITHER POSITIVE NOR NEGATIVE--INDICATING U.S. CONCERN THAT TERMS OF REFERENCE FOR ANY PROPOSED STUDY BE NEUTRALLY PHRASED AND NOT IN ANY WAY PREJUDGE RESULTS.

D. PROTECTION OF PURCHASING POWER. THOMAS MADE PROPOSAL AS DESCRIBED IN REFTEL, SAYING THIS WAS RESULT OF DISCUSSIONS AT MARGINS OF COUNCIL AND NOT FINAL EC POSITION. EC REP THOUGHT MELDING NAIROBI LANGUAGE (WHICH HE CLAIMED DOES NOT CONSTITUTE INDEXATION AS PRICE REVISIONS ARE NOT AUTOMATIC) WITH IDEA OF PRICE STABILIZATION AROUND LONG-TERM TREND GAVE ADEQUATE PROTECTION TO G-8 POSITIONS. BOSWORTH SAID U.S. WOULD STUDY PROPOSAL BUT VIRTUALLY RULED OUT ITS ACCEPTABILITY SINCE IN U.S. VIEW NAIROBI LANGUAGE AMOUNTED TO INDEXATION AND THIS COULD NOT BE CHANGED BY ADDING A CHAPEAU. HE NOTED U.S. CONTINUED TO PREFER REVISION OF NAIROBI FORMULATION AS G-8 APPROACH TO THIS ISSUE.

E. SPECIAL ACTION FUND. THOMAS PUT FORWARD PROPOSAL IN TERMS DESCRIBED IN REFTEL (MINUS SOME DETAILS, E.G., PARAS 5 AND 7). BOTH U.S. AND JAPAN (MIYAZCKI) INDICATED PROBLEMS WITH CONCEPT OF MULTILATERAL CHANNELLING. BOSWORTH SAID U.S. DID NOT HAVE THE OPTION OF PROCEEDING THIS WAY AND U.S. PARTICIPATION MUST BE THROUGH OUR BILATERAL AID PROGRAM. MIYAZAKI SAID PROCEEDING THROUGH IDA WOULD BE VERY HARD FOR JAPAN. WITH REGARD TO THE KEY FOR CONTRIBUTIONS, BOSWORTH SAID U.S. HAD NOT CONSIDERED THE ISSUE IN TERMS OF PERCENTAGES, WAS WORKING ON THE BASIS OF A POSSIBLE U.S. CONTRIBUTION OF \$300 MILLION. MIYAZAKI ALSO RAISED HIS EYEBROWS AT COMMUNITY'S PUTTING FORWARD PROPOSALS ON ALLOCATING

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CONTRIBUTIONS, SAYING HE DID NOT KNOW HOW THE 25 PERCENT WOULD BE SPLIT UP AMONG THE SIX. (HE PRIVATELY INDICATED HIS DISPLEASURE MORE EXPLICITLY AT JAPAN'S BEING HANDLED THIS WAY.)

F. ODA: THOMAS SAID EC CONSIDERED STEP FORWARD ON ODA VOLUME ESSENTIAL TO SUCCESS AT CIEC AND SAID EC POSITION ON VOLUME HAD MOVED FORWARD "SOMEWHAT." SWEDEN ASSERTED PLEDGE FOR "SUBSTANTIAL" INCREASE IN ODA VOLUME OVER NEXT FEW YEARS WAS DESIRABLE. BOSWORTH SIMPLY RESTATED U.S. POSITION ON ODA VOLUME SAYING US CANNOT CONSIDER ANY COMMITMENT WHICH EXTENDS BEYOND THE CURRENT BUDGET CYCLE AND THAT, IN THIS REGARD, U.S. PERFORMANCE WOULD IN FACT BE QUITE IMPRESSIVE. HE STRESSED U.S. HOPE THAT DIFFERENCE IN APPROACH AT THIS TIME AMONG G-8 WOULD NOT PREVENT G-8 FROM PUTTING FORWARD A COMMON PROPOSAL SOON WHICH WOULD TAKE ACCOUNT OF THE DIFFERENT SITUATIONS OF ALL G-8 COUNTRIES. JAPAN ALSO INDICATED IT MIGHT HAVE PROBLEMS ON ODA VOLUME ISSUE THOUGH JAPAN'S GENERAL POLICY WAS FOR INCREASING ODA VOLUME.

5. MACLEAN ANNOUNCED NEXT MEETING OF HORIZONTAL G-8 WOULD NOT BE BEFORE MAY 6 AND WOULD PROBABLY BE ON MAY 10 OR 11.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC COOPERATION, COMMITTEE MEETINGS, MEETING REPORTS
Control Number: n/a
Copy: SINGLE
Sent Date: 05-May-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
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Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
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Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2631492
Secure: OPEN
Status: NATIVE
Subject: CIEC - HORIZONTAL G-8 STOCKTAKING SESSION
TAGS: ECON, OECD, CIEC, EEC
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/2777179a-c288-dd11-92da-001cc4696bcc
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22 May 2009
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